

Message Text

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64

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TO AMEMBASSY SANTIAGO PRIORITY

C O N F I D E N T I A L STATE 018494

EXDIS

E.O. 11652:XGDS

TAGS: EIND, EMIN, CI, US

SUBJECT: ANACONDA CONCERNS RE COMPENSATION TALKS

REF:SANTIAGO 396

1. ANACONDA GEN MGR WILLIAM QUIGLEY, ACCOMPANIED BY VP PAUL BILGORE, CALLED ON ASST SECRETARY KUBISCH JANUARY 28. PURPOSE WAS TO INFORM DEPARTMENT OF ANACONDA MEETING WITH CHILEAN COPPER NEGOTIATOR JULIO PHILIPPI SET FOR JANUARY 31 AT CHILEAN EMBASSY HERE, AND TO CONVEY COMPANY'S LESS THAN OPTIMISTIC OUTLOOK.

2. QUIGLEY SAID ANACONDA'S EXPLORATORY CONTACTS WITH PHILIPPI INDICATED THAT PHILIPPI WOULD APPROACH TALKS IN LEGALISTIC, ITEM-BY-ITEM FASHION, RATHER THAN AIM FOR PRAGMATIC, GLOBAL SETTLEMENT OF ALL OUTSTANDING ANACONDA-GOC ISSUES, WHICH IS ANACONDA'S PREFERENCE. PHILIPPI HAS INDICATED, ACCORDING TO QUIGLEY, THAT HE WILL WANT TO TALK ABOUT COMPTROLLER GENERAL'S RULING; EXCESS PROFITS DETERMINATION, CONDITION OF ANACONDA'S INVENTORY AT TIME OF CONFIDENTIAL

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TAKEOVER, ANACONDA-S APPEAL BEFORE CHILEAN COURTS, AND OTHER SPECIFIC QUESTIONS. PHILIPPI IS ALSO ACQUAINTING HIMSELF WITH USG-GOC DISCUSSIONS ABOUT 1914 TREATY.

3. FACT THAT PHILIPPI WILL BE ACCOMPANIED BY GUILLERMO PUMPIN, FORMERLY EDUARDO NOVOA'S DEPUTY ON COUNCIL FOR DEFENSE OF STATE, AND BY LAURA NOVOA (NO RELATION), A TAX SPECIALIST FORMERLY EMPLOYED BY ANACONDA, CONTRIBUTE TO

ANACONDA'S FEAR THAT TALKS MAY QUICKLY BOG DOWN. QUIGLEY ALSO MUSED THAT RUMORED USG-PERUVIAN AGREEMENT ON INVESTMENT CLAIMS MIGHT DIMINISH GOC INTEREST IN DIRECT, COMPANY-BY-COMPANY, NEGOTIATIONS. PHILIPPI'S REPORTED PLANS TO TAKE VACATION IN FEBRUARY ADDED TO ANACONDA PREMONITION OF GOC "FOOT DRAGGING". HE SUMMED UP BY ANTICIPATING THAT ANACONDA WOULD PROBABLY NOT BE IN POSITION TO AFFIRM TO USG, GOING INTO NEXT PARIS CLUB MEETING, THAT THERE HAD BEEN ANY "REAL PROGRESS" IN TALKS.

4. KUBISCH REITERATED USG DESIRE FOR DIRECT GOC-COMPANY TALKS LEADING TO MUTUALLY ACCEPTABLE SOLUTION. USG DID NOT WISH TO BECOME A MIDDLEMAN, BUT IN VIEW OUR KEEN INTEREST AND SUPPORT FOR NEGOTIATIONS, WE EXPECTED TO STAY IN CLOSE TOUCH WITH ANACONDA. KUBISCH INDICATED USG WILLINGNESS TO ENTER PROCEEDINGS VIA INFORMAL DISCUSSIONS WITH GOC SHOULD THAT BECOME NECESSARY TO KEEP TALKS MOVING FORWARD.

5. DEPARTMENT OFFICIALS ALSO INDICATED AWARENESS OF CONTINUED GOC PREOCCUPATION WITH INTERNAL LEGAL CONSIDERATIONS AND OF GOC CONCERNS THAT SETTLEMENT WITH ONE OR TWO COMPANIES RATHER THAN GLOBAL SETTLEMENT MIGHT NOT BE IN ITS INTERESTS. WITHOUT GOING INTO DETAILS OF PERUVIAN FORMULA, WE NOTED THAT CHILEAN CIRCUMSTANCES ARE DIFFERENT, AND POINTED OUT THAT PROTRACTED NEGOTIATIONS OF ANY SORT WOULD NOT BE ADVANTAGEOUS TO GOC WHOSE INTERNATIONAL INTERESTS BEST SERVED BY RAPID SETTLEMENT. IT WAS INDICATED, HOWEVER, THAT DEPARTMENT WOULD EXPLORE OTHER POSSIBILITIES IF AN IMPASSE WERE TO DEVELOP.

6. IN ASIDE, QUIGLEY VOICED SKEPTICISM ABOUT RECENT
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"RECORD" PRODUCTION ACHIEVED AT CHUQUI, AND SPECULATED THAT CHILEANS HAVE BEEN PADDING THE STATISTICS WITH FIGURES FOR CONCENTRATES. HE REAFFIRMED ANACONDA'S WILLINGNESS TO PROVIDE TECHNICAL ASSISTANCE WHEN "GOOD FAITH" NEGOTIATIONS GO FORWARD.

7. IN COURSE OF CONVERSATION DEPARTMENT OFFICIALS CONTRASTED ANACONDA'S PESSIMISM WITH POSITIVE TONE TAKEN BY OUR GOC CONTACTS REGARDING COPPER NEGOTIATION PERSPECTIVES. KISSINGER

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<< END OF DOCUMENT >>

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